



interview
tips

Interview Tips – Itemized Deductions

These interview tips will assist you in determining whether a taxpayer's itemized deductions are more than their standard deduction amount. It may be more advantageous for a taxpayer to itemize their deductions if the amount is larger than the allowable standard deduction amount.

step

1

Do you have expenses in the following categories: medical and dental expenses, taxes you paid, home mortgage interest you paid, gifts to charity, job expenses, and certain miscellaneous deductions?

Note: Casualty and theft losses and some miscellaneous deductions are beyond the scope of VITA/TCE.

If YES, go to Step 2.

If **NO**, generally speaking, you should take the standard deduction if eligible. For further explanation see exceptions in Publication 17, Standard Deduction chapter.

step

2

Were the medical and dental expenses paid by an employer under a pre-tax plan (not included in box 1 of the customer's Form W-2) or were the expenses reimbursed by an insurance company?

If YES, you cannot deduct reimbursed expenses. Go to Step 4. If **NO**, you can claim these expenses. Go to Step 3.

step

3

Were the medical and dental expenses more than 10% of your adjusted gross income (7.5% If one spouse is 65 or older)?

Note: You can include medical and dental bills you paid for:

- ☐ Yourself and your spouse
- ☐ All dependents you claim on your return
- ☐ Your child whom you do not claim as a dependent because of the rules for children of divorced or separated parents
- ☐ Any person you could have claimed as a dependent on your return except that person received \$3,950 or more of gross income or filed a joint return
- ☐ Any person you could have claimed as a dependent except that you, or your spouse if filing jointly, can be claimed as a dependent on someone else's 2014 return.

If YES, you can claim qualified expenses. Go to Step 4.

If **NO**, you cannot deduct these expenses. Go to Step 4.

step

4

Were the following taxes you paid imposed on you: state, local or foreign income taxes, real or personal property taxes?

If YES, go to Step 5.

If **NO**, you cannot claim this expense as a deduction because you were not obligated to pay the taxes. Go to Step 6.

step

5

Did you pay these taxes during **the 2014 year**?

If YES, you can claim these expenses and go to Step 6.

If **NO**, you cannot deduct taxes for this year that were paid in another year. Go to Step 6.

step

6

Are you legally liable for a home mortgage loan?

If YES, go to Step 7.

If **NO**, you cannot take an interest expense for a mortgage for which you are not legally liable. Go to Step 11.



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Interview Tips – Itemized Deductions (continued)

step 7	Was the mortgage a secured debt on a main or second home?	If YES, go to Step 8. If NO, you cannot take an interest expense. Go to Step 11.
step 8	Did you pay the mortgage interest in this tax year?	If YES, go to Step 9. If NO, you cannot take the mortgage interest deduction. Go to Step 11.
step 9	Did you take out the mortgage on or before October 13, 1987?	If YES, your mortgage interest is fully deductible. Go to Step 10. If NO, follow the flowchart, Is My Home Mortgage Interest Fully Deductible in Publication 17 to determine what is deductible. Go to Step 11.
step 10	Did you pay points to obtain a home mortgage (on a main home or second home or home improvement loan or to refinance your home)?	If YES, follow the Are My Points Fully Deductible This Year flowchart in Publication 17 and then go to Step 11. If NO, go to Step 11. See note below chart.
step 11	Did you make a cash contribution to a qualified organization?	If YES, you must have a written record from that particular organization, and then go to Step 12. If NO, go to Step 12.
step 12	Did you make a noncash donation to a qualified organization? Note: Generally the value of a donation is the lesser of your cost or fair market value.	If YES, advise the taxpayer that generally he or she must have a written receipt from that particular organization. Go to Step 13. If NO , Go to Step 14.
step 13	Is the total of all noncash donations \$500 or less? Note: If more than \$500, refer taxpayer to a professional tax preparer.	If YES, see Publication 17 for more details. If NO , this is beyond the scope of VITA/TCE. Refer taxpayer to a professional tax preparer.
step 14	Do you have any employee, job hunting or investment expenses?	If YES, report the expenses on Schedule A, <i>Job Expenses and Certain Miscellaneous Deductions</i> . If NO , your employee and investment expenses are not deductible.

Note: If you refinanced in an earlier year, you can add in this year's portion of those prior year points.